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Report Highlights:

No extension of WTO peace clause - Commerce Minister, *Government could permit 10 Bt cotton strains*, *India-New Zealand to cooperate on market access issues*, *Fresh hike in edible oil base prices*, *Egypt-STC wheat talks at an advanced stage*, *Bangalore wholesalers protest against entry of German retail chain*, *Scary report on toxins in food buried for ten years*, *Bangladesh: Dhaka, Delhi FTA soon, three-day trade talks end*, *Bangladesh: US trade show begins in Dhaka Jan 21*.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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NO EXTENSION OF WTO PEACE CLAUSE – COMMERCE MINISTER

The Indian government is not in favor of extending the peace clause in the WTO Agreement on Agriculture beyond the December 31, 2003, deadline, according to Commerce Minister, Jaitley. He also denied any pressure from the WTO for reducing subsidies extended to the farm sector, as the country is "well within the permissible level of 10 percent of the value of agricultural output." Commerce Ministry officials stated that India had mooted, even after the abolition of the peace clause, that measures taken by developing countries including those relating to domestic support might be exempted from countervailing actions by the developed countries. (Source: Financial Express, 10/25/03)

GOVERNMENT COULD PERMIT 10 BT COTTON STRAINS

Agriculture Commissioner of the Government of India told reporters that the government is expected to allow commercial planting of 10 varieties of bioengineered Bt cotton over the next two years. According to the media, most of these Bt cotton varieties to be launched in the next two years would be from Indian Companies. The commissioner also said that no bioengineered crop would be introduced into the market in the next five years, though scientific trials are on in various bioengineered crops. (Source: Business Line 10/28/03)

INDIA-NEW ZEALAND TO COOPERATE ON MARKET ACCESS ISSUES

India and New Zealand have agreed to give due consideration to each other's request on market access issues in the 8th India-New Zealand Joint Trade Committee meeting. India has requested a reduction in tariff for textiles, clothing and footwear. The New Zealand side reiterated its request for reduction in tariff on apples, sawn timber, fiber boards, and food processing and refrigeration equipment. India has agreed to examine whether imports of New Zealand apples could be facilitated during off-season. (Source: Press Information Bureau, Government of India 10/16/03)

Post Comment: U.S. exports of apples to India registered \$10.6 million (40% market share) in 2002/03 (Mar-Apr), continuing its upward trend.

FRESH HIKE IN EDIBLE OIL BASE PRICES

In the wake of continuous increases in international prices of edible oils, the Finance Ministry on October 29, 2003, raised the tariff value on various imported edible oils by \$42 - \$52/ton. According to trade sources, the government's reaction to the price changes in the international markets has been quick this time and had caught many of them by surprise. While the Solvent Extractors' Association of India, welcomed the upward revision claiming that it will help farmers realize better prices for oilseeds, the Indian Vegetable Oil Processors' Association demanded: (a) a reduction in the import tariffs for edible oils, (b) transparency in the fixation of tariff value, and (c) restoration of duty differential between crude and refined edible oils. (Source: Business Standard and Business Line 10/30/03)

Post Comment: See IN 3103 and 3105.

EGYPT-STC WHEAT TALKS AT AN ADVANCED STAGE

The State Trading Corporation of India (STC) is holding advanced talks with Egypt for exports of 60,000 tons of Indian wheat. The deal will be conditional on the wheat being sourced from predominantly karnal-bunt free areas with a tolerance limit of 0.03 percent karnal bunt. "Egypt has asked for a firm offer for immediate sale of 60,000 tons of wheat, and we have given them the offer. It (Egypt) is interested in spreading its wheat purchases from a number of countries rather than restricting it to one or two as is the case now," STC's Chairman and Managing Director Mr. Arvind Pandalai said. (Source: Business Line, 10/30/03)

Post Comment: The Indo-Egypt wheat talk has been going on for past six months (see IN 3031).

BANGALORE WHOLESALERS PROTEST AGAINST ENTRY OF GERMAN RETAIL CHAIN

The Bangalore Agriculture Produce Marketing Cooperative (APMC) Yard has stopped business protesting against the entry of German retail chain, Metro Cash & Carry into their operation. Metro opened its first wholesale outlet on October 20th amidst demonstrations by the traders. Thousands of wholesale and retail traders in the APMC yard have been on indefinite strike demanding Metro's exit. Traders contend that Metro was violating the APMC act as the licensed wholesalers should trade within the market yard whereas Metro's outlet is outside. Traders argue that Metro is strongly under cutting the margins and will wipe out the other traders rendering thousand of people jobless. Meanwhile, Metro claims an overwhelming positive response from retailers, wholesalers, distributors, and various small and medium businesses such as restaurants. Also, Metro's plan for opening second outlet in Bangalore by end of November remains unaffected by the protests. (Source: Business Line 10/23/03)

SCARY REPORT ON TOXINS IN FOOD BURIED FOR TEN YEARS

An 80-page report, called "Surveillance of food contaminants in India" prepared by the Indian Council of Medical Research and a team of pesticide experts was released and soon withdrawn by the government in 1993, as it contained shocking findings. Also, there was a string of other official studies on pesticide residues which went unheard by the concerned ministries. The Joint Parliamentary Committee, set up after the recent Cola controversy, has asked for copies of this report, which not only exposed the magnitude of the pesticide residue problem ten years ago, but was also the first official report to acknowledge that no one was measuring food safety pesticide levels in India. (Source: Indian Express 10/29/03)

BANGLADESH: DHAKA, DELHI FTA SOON, THREE-DAY TRADE TALKS END

Trade officials of Bangladesh and India reaffirmed their commitments to conclude the much-talked-about free trade agreement (FTA), while wrapping up a three-day joint-secretary level trade negotiation by the two South Asian nations. The FTA negotiation is now due to start in January next year in the Indian capital New Delhi. Joint Secretary of India's commerce ministry termed the outcome of the negotiation a "significant breakthrough" and estimates nine months to one year to accomplish the procedures of signing the FTA. Leader of the Bangladesh team however, made cautious remark on the proposed agreement, saying Dhaka was skeptic about the free trade deal as it was a new thing for the country. (Source: The Independent, 10/23/03)

BANGLADESH: US TRADE SHOW BEGINS IN DHAKA JAN 21

The 13th annual US Trade Show will begin at Dhaka Sheraton Hotel on January 21 next year. The American Chamber of Commerce and Industry (AmCham) in collaboration with the US embassy in Dhaka will organize the three-day trade show, which will showcase US products and services (Source: The Daily Star, 10/30/03)

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IN3105	GOI Notifies Changes in Edible Oil Tariff Values	10/30/03
IN3106	Oilseeds and Products Update - November	10/31/03

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